



Health Services
LOS ANGELES COUNTY

July 6, 2010

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

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Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO AGREEMENT FOR HOSTING AND
PROFESSIONAL SERVICES FOR THE RESIDENT PHYSICIAN
INFORMATION SYSTEM
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

John F. Schunhoff, Ph.D.
Interim Director

Gail V. Anderson, Jr., M.D.
Interim Chief Medical Officer

CIO RECOMMENDATION: APPROVE (X) APPROVE WITH
MODIFICATION () DISAPPROVE ()

SUBJECT

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: 213-240-8101
Fax: 213-481-0503

www.dhs.lacounty.gov

Request approval of an Amendment to extend the Agreement with Verinform Systems, Inc. for hosting, support and professional services for the Resident Physician Information System for Department of Health Services facilities.

*To improve health
through leadership,
service and education*

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Interim Director of Health Services (Interim Director), or his designee, to execute Amendment No. 3 to Agreement No. H-702120 with Verinform Systems, Inc. (Verinform), effective upon Board approval to extend the term for the period August 1, 2010 through July 31, 2013 with two additional optional one-year extensions for continued hosting, support and professional services for the web-based Resident Physician Information System (RPIS), update County required provisions, and add other services at an increase in the contract sum by \$749,750 for the entire term of the Agreement.
2. Delegate authority to the Interim Director, or his designee, to exercise the two optional one-year extension periods, through July 31, 2015, subject to review and approval by County Counsel, the Chief Information Office (CIO), and the Chief Executive Office (CEO), and notification to your Board.



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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Approval of the first recommendation will allow the Interim Director or his designee, to execute an Amendment, substantially similar to Exhibit I, to the current Agreement with Verinform to extend the term of the Agreement, update County required provisions, and add other services. The current Agreement expires July 31, 2010.

The Department of Health Services (DHS) is responsible for providing ongoing training to new resident physicians. Under the Agreement, Verinform provides hosting, support and professional services for the web-based RPIS that captures and manages physician residency and graduate medical education requirements such as schedules, rotations, procedures, evaluations and duty hours for each of the 91 department-wide residency programs.

Approval of the second recommendation will allow the Interim Director to exercise the optional extensions to the Agreement, subject to the review and approval by County Counsel, CIO and CEO. The Department is recommending a three-year initial term with two optional one-year extensions in lieu of conducting another competitive solicitation for a replacement, because it would be costly to bring in a new contractor at this time. All of the RPIS software modules are fully implemented, DHS staff are trained in the use of the software, and Verinform has five years of historical data archived. Migration of the information to another vendor and software product would be time-consuming and costly. Through informal inquiries, the Department identified potentially two other vendors who can provide similar services, but the estimated cost to implement with each of them is approximately \$2-\$3 million dollars.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The total estimated cost under the Agreement for Fiscal Years (FY) 2010-11 through 2014-15 is \$149,950 per year and is not to exceed \$947,350 for the entire term of the Agreement. Funding is included in Health Services Administration's 2010-11 Adopted Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Currently, RPIS has approximately 2,600 registered users, consisting of employees, residency program staff, resident physicians, attending physicians and graduate medical education staff. RPIS tracks the activities of approximately 1,500 resident physicians.

In July 2004, after a competitive bidding process, the Purchasing Agent approved County Agreement No. Q42469 with Verinform for their web-based RPIS, effective through July 31, 2009, and subsequently extended for one-year through to July 31, 2010. At the time DHS acquired the RPIS, Verinform agreed to host the web-based application from its Oregon headquarters to ensure a timely installation and allow time for DHS to host the RPIS in-house. It was subsequently determined by DHS that in-house hosting of RPIS would require the addition of numerous specialized staff both locally and administratively to support RPIS, which was deemed not feasible. Verinform's performance history and on-line support offers a viable alternative to a DHS in-house enterprise based system.

On July 5, 2006, your Board approved Agreement No. H-702120, effective through July 4, 2008 for Verinform to host the RPIS.

On July 1, 2008, your Board approved Amendment No.1 to extend the term of the Agreement through July 31, 2010, to add related training and support services. It was determined that this service is not a Proposition A Agreement, and therefore, not subject to the Living Wage Program (County Code Chapter 2.201).

On February 17, 2010, your Board approved Amendment No. 2 to update the Health Insurance Portability and Accountability Act Business Associate Agreement to implement Health Information Technology for Economic and Clinical Health Act of 2009.

The Agreement may be terminated for convenience by the County upon 30 days' prior written notice.

The Agreement includes all of your Board's required provisions, including the most recent provision, Defaulted Property Tax Reduction Program.

County Counsel has approved Exhibit I as to form and the County's Chief Information Officer recommends approval of the Amendment (see attached analysis).

CONTRACTING PROCESS

Not applicable.

The Honorable Board of Supervisors
July 6, 2010
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IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will ensure continued and uninterrupted use of the RPIS.

Respectfully submitted,



John F. Schunhoff, Ph.D.
Interim Director

Reviewed by:



Richard Sanchez
Chief Information Officer

JFS:rt

Attachments (2)

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

CIO ANALYSIS

AMENDMENT NO. 3 TO AGREEMENT WITH VERINFORM SYSTEMS, INC. (VERINFORM) FOR SERVICES RELATED TO RESIDENT PHYSICIAN INFORMATION SYSTEM (RPIS)

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH MODIFICATION
☐ DISAPPROVE

Contract Type:

☐ New Contract ☒ Contract Amendment ☒ Contract Extension
☐ Sole Source Contract ☐ Hardware Acquisition ☐ Other

New/Revised Contract Term: Base Term: 3 Yrs

of Option Yrs: Two 1-year extensions

Contract Components:

☐ Software ☐ Hardware ☐ Telecommunications
☒ Professional Services ☒ Hosting Services

Project Executive Sponsor: John F. Schunhoff, Ph.D., Interim Director, Department of Health Services

Budget Information :

| | |
|-----------------------------|------------|
| Y-T-D Contract Expenditures | \$ 197,600 |
| Requested Contract Amount | \$ 749,750 |
| Aggregate Contract Amount | \$ 947,350 |

Project Background:

| Yes | No | Question |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Is this project legislatively mandated? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Is this project subvented? If yes, what percentage is offset? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved. |

Strategic Alignment:

| Yes | No | Question |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is this project in alignment with the County of Los Angeles Strategic Plan? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is this project consistent with the currently approved Department Business Automation Plan? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project's technology solution comply with County of Los Angeles IT Directions Document? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project technology solution comply with preferred County of Los Angeles IT Standards? |

| | | |
|--------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS). |
|--------------------------|-------------------------------------|---|

Project/Contract Description:

Department of Health Services (DHS) is requesting approval of Amendment No. 3 to Agreement No. H-702120 with Verinform Systems, Inc. (Verinform) for hosting and professional services for use of Verinform's Resident Physician Information System (RPIS) at DHS facilities. This Amendment will extend the current Agreement term for three years and delegate authority to the Interim Director of DHS, or his designee, to exercise two additional one-year extensions through July 31, 2015. It will increase the contract sum by \$749,750 to a total of \$947,350.

Background:

In July 2004, DHS acquired Verinform's web-based RPIS through County Purchase Order Agreement No. Q42469, which expires July 31, 2010. Verinform agreed to temporarily provide hosting services for RPIS to ensure a timely installation and allow time for DHS to build the capacity to host RPIS in-house on its own. It was subsequently determined by DHS that in-house hosting of RPIS would require an enterprise-based system and the addition of numerous specialized staff, so on July 5, 2006, DHS sought and obtained Board approval under Agreement No. H-702120 for Verinform to provide hosting services RPIS at a cost of \$98,800.

Subsequently, two Amendments were approved to Agreement H-702120, which extended the Agreement term, increased the contract funding, and updated contract language to reflect the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH).

Amendment No. 3 consolidates software licenses (Verinform and 3rd party licenses) acquired through PO Agreement No. Q42469 into the Agreement H-702120, adds additional professional services, and extends the term of the Agreement for five years - if both optional extensions are exercised.

Project Justification/Benefits:

Currently, RPIS has approximately 2,600 registered users consisting of hospital employees, residency program staff, resident physicians, attending physicians and graduate medical education staff, and maintains records for approximately 1,500 resident physicians.

DHS is responsible for providing on-going training to new resident physicians, which is managed through its Graduate Medical Education (GME) operations. RPIS captures and manages physician residency and graduate medical education requirements such as schedules, rotations, procedures, evaluations, and tracks duty hours for each of the 91 department-wide residency programs. RPIS has greatly enhanced GME operations by eliminating an older paper-based system that was used to track and manage these functions.

RPIS also supports DHS' Expenditure Management efforts, which will allow DHS to recapture revenue lost in past years due mainly to human error resulting from the manual processing of information that is now managed electronically through RPIS. By October 2010, following a complete 12-month cycle of use, DHS will have an accurate assessment of the cost savings and other benefits realized through the use of RPIS.

Beginning with academic year 2010-11 (commencing July 1, 2010) the Fiscal Module of RPIS will be used by Olive View Medical Center (OVMC) and Harbor-UCLA Medical Center (HUMC) to facilitate and increase the production of accurate Medicare reimbursement reports.

The CIO feels there is strong justification for this action. The Board's approval of this Amendment will ensure continuous, uninterrupted use of the RPIS application by DHS.

Project Metrics:

This Agreement is for hosting the existing web-based Resident Physician Information System and the metric is that the system will continue to operate reliably and cost-effectively.

Impact on Service Delivery or Department Operations if Proposal Is Not Approved:

If this request is not approved, DHS will be forced to abandon its use of RPIS and will not realize the benefits described above.

Alternatives Considered:

No other alternatives were considered. RPIS is a proprietary software product of Verinform, so no other vendor could provide the services needed.

Project Risks:

No significant project-related risks were identified.

Risk Mitigation Measures:

No risk mitigation measures were deemed necessary. However, the Agreement does provide that it may be terminated for convenience by the County upon 30 days prior written notice, providing further protections against unexpected occurrences.

Financial Analysis:

This Amendment increases the Agreement maximum obligation by \$749,750 for a Total Contract Sum of \$947,350. The cost of the Amendment is detailed in the table on the next page.

| Description | Amount |
|--|------------|
| Hosting Fees (\$45,856 x 5 years) | \$ 229,280 |
| Third Party Licensing (\$19,800 x 5 years)* | 99,000 |
| Verinform Licensing, Maintenance & Support (\$75,794 x 5 years)* | 378,970 |
| Professional Services | 42,500 |
| Total | \$ 749,750 |

**Licensing, maintenance and support transferred from PO Agreement No. Q42469*

Funding for this Amendment is included in Health Services Administration's Fiscal Year 2010-11 Final Budget and will be requested in future years' budgets, as needed.

CIO Concerns:

None.

CIO Recommendations:

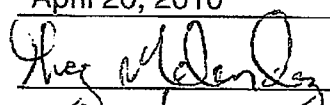
The CIO recommends Board approval of this Amendment.

CIO APPROVAL

Date Received: April 20, 2010

Prepared by: Earl Bradley

Date: April 20, 2010

Approved: 

Date: 6/23/2010

EXHIBIT I

VERINFORM AMENDMENT No. 3

July 6, 2010

**AMENDMENT NUMBER THREE TO AGREEMENT FOR APPLICATION HOSTING
SERVICES FOR THE DEPARTMENT OF HEALTH SERVICES**

This Amendment Number Three ("Amendment No. 3") to County Agreement H-702120 for Application Hosting Services for the Department of Health Services is entered into as of this _____ day of _____, 2010, by and between the County of Los Angeles ("County") and Verinform Systems, Inc. ("Contractor"), with reference to the following:

RECITALS:

WHEREAS, County Agreement H-702120 for Application Hosting Services for the Department of Health Services (the "Agreement") was entered into by and between County and Contractor effective July 5, 2005;

WHEREAS, the Agreement was previously amended by the parties under that certain Amendment No. 1 dated July 1, 2008, and further amended by the parties under that certain Amendment No. 2 dated February 17, 2010; and

WHEREAS, the parties wish to further amend the Agreement as set forth in this Amendment No. 3.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Contractor and County hereby agree to amend Agreement as follows:

1. Paragraph 5 (TERM) of the Agreement is hereby deleted in its entirety and replaced by the following new Paragraph 5 (TERM):

"5. TERM:

The TERM of this Agreement shall commence July 5, 2006 and shall continue in full force and effect through July 31, 2013, with two (2) optional extension periods of one (1) year, exercisable as provided below.

Each optional one (1) year extension of the TERM of this Agreement may be exercised by the Director of DHS or designee, in his/her sole discretion, by giving written notice to the Contractor at least thirty (30) days prior to current Agreement expiration date."

2. Paragraph 8.1 (General) of the Agreement is hereby deleted in its entirety and is replaced by the following new Paragraph 8.1 (General):

"8.1 General.

The "Contract Sum" under this Agreement shall be the total monetary amount payable by County to Contractor for supplying all the Tasks, subtasks, Deliverables, goods, Services and other work requested and specified under this Agreement. All work completed by Contractor must be approved in writing by County. If County does not approve work in writing, no payment shall be due to Contractor for that work. The total maximum Contract Sum under this Agreement shall not exceed Nine Hundred Forty-Seven Thousand Three Hundred Fifty Dollars (\$947,350.00) over the nine year TERM of this Agreement.

Notwithstanding any other provision of this Paragraph 8, Contractor shall fully perform and complete all work required of Contractor by this Agreement in exchange for the amounts to be paid to Contractor as set forth in this Agreement."

3. Paragraph 13.2 (General Insurance Requirements) of the Agreement is hereby deleted in its entirety and is replaced by the following new Paragraph 13.2 (General Provisions for All Insurance Coverage):

"13.2 General Provisions for All Insurance Coverage

Without limiting Contractor's indemnification of County, and in the performance of this Agreement and until all of its obligations pursuant to this Agreement have been met, Contractor shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Paragraphs 13.2 and 13.3 of this Agreement. These minimum insurance coverage terms, types and limits ("Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Contractor pursuant to this Agreement. The County in no way warrants that the Required Insurance is sufficient to protect the Contractor for liabilities which may arise from or relate to this Agreement.

13.2.1 Evidence of Coverage and Notice to County

Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Contractor's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Agreement.

Renewal Certificates shall be provided to County not less than 10 days prior to Contractor's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Contractor and/or Sub-Contractor insurance policies at any time.

Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Agreement by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Contractor identified as the contracting party in this Agreement. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any County required endorsement forms.

Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Contractor, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

County of Los Angeles
Department of Health Services, Contracts and Grants
313 N. Figueroa St, Sixth Floor East
Los Angeles, CA 90012
Attention: Kathy Hanks, Director of Contracts and Monitoring

Contractor also shall promptly report to County any injury or property damage accident or incident, including any injury to a Contractor employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Contractor. Contractor also shall promptly notify County of any third party claim or suit filed against Contractor or any of its Sub-Contractors which arises from or relates to this Agreement, and could result in the filing of a claim or lawsuit against Contractor and/or County.

13.2.2 Additional Insured Status and Scope of Coverage

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured status under Contractor's General Liability policy with respect to liability arising out of Contractor's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status shall apply with respect to

liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to the Contractor or to the County. The full policy limits and scope of protection also shall apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

13.2.3 Cancellation of Insurance

Except in the case of cancellation for non-payment of premium, Contractor's insurance policies shall provide, and Certificates shall specify, that County shall receive not less than thirty (30) days advance written notice by mail of any cancellation of the Required Insurance. Ten (10) days prior notice may be given to County in event of cancellation for non-payment of premium.

13.2.4 Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Agreement, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Agreement. County, at its sole discretion, may obtain damages from Contractor resulting from said breach.

13.2.5 Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

13.2.6 Contractor's Insurance Shall Be Primary

Contractor's insurance policies, with respect to any claims related to this Agreement, shall be primary with respect to all other sources of coverage available to Contractor. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Contractor coverage.

13.2.7 Waivers of Subrogation

To the fullest extent permitted by law, Contractor hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Agreement. The Contractor shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

13.2.8 Sub-Contractor Insurance Coverage Requirements

Contractor shall include all Sub-Contractors as insureds under Contractor's own policies, or shall provide County with each Sub-Contractor's separate evidence of insurance coverage. Contractor shall be responsible for verifying each Sub-Contractor complies with the Required Insurance provisions herein, and shall require that each Sub-Contractor name the County and Contractor as additional insured's on the Sub-Contractor's General Liability policy. Contractor shall obtain County's prior review and approval of any Sub-Contractor request for modification of the Required Insurance.

13.2.9 Deductibles and Self-Insured Retention (SIRs)

Contractor's policies shall not obligate the County to pay any portion of any Contractor deductible or SIR. The County retains the right to require Contractor to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Contractor's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

13.2.10 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Agreement. Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Agreement expiration, termination or cancellation.

13.2.11 Application of Excess Liability Coverage

Contractors may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

13.2.12 Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

13.2.13 Alternative Risk Financing Program

The County reserves the right to review, and then approve, Contractor use of self-insurance, risk retention groups, risk purchasing groups, pooling

arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

13.2.14 County Review and Approval of Insurance Requirements

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures."

4. Paragraph 13.3 (Insurance Coverage Requirements) of the Agreement is hereby deleted in its entirety and is replaced by the following new Paragraph 13.3 (Insurance Coverage):

"13.3 Insurance Coverage

- 13.3.1 Commercial General Liability insurance** (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

| | |
|--|-------------|
| General Aggregate: | \$2 million |
| Products/Completed Operations Aggregate: | \$1 million |
| Personal and Advertising Injury: | \$1 million |
| Each Occurrence: | \$1 million |

- 13.3.2 Automobile Liability insurance** (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Contractor's use of autos pursuant to this Agreement, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

- 13.3.3 Workers Compensation and Employers' Liability insurance** or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be

arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

13.3.4 Unique Insurance Coverage

Sexual Misconduct Liability

Insurance covering actual or alleged claims for sexual misconduct and/or molestation with limits of not less than \$2 million per claim and \$2 million aggregate, and claims for negligent employment, investigation, supervision, training or retention of, or failure to report to proper authorities, a person(s) who committed any act of abuse, molestation, harassment, mistreatment or maltreatment of a sexual nature.

Professional Liability/Errors and Omissions

Insurance covering Contractor's liability arising from or related to this Agreement, with limits of not less than \$1 million per claim and \$2 million aggregate. Further, Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.

Miscellaneous Coverage

Garage, Builder's Risk, Installation Floater, Owners and Contractors Protective Liability, Pollution (Environmental) Liability, Asbestos Liability, Railroad Protective Liability, Earthquake, Flood, Terrorism, Motor Truck Cargo Liability, Equipment Breakdown, Aircraft Liability, Marine Protection and Indemnity, Fine Art, Fiduciary."

5. The following new Paragraph 67 (CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY 'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM) is hereby inserted immediately following Paragraph 66 (WARRANTIES) of the Agreement:

**"67. CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S
DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

- 67.1 Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through Agreement are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

67.2 Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the TERM of this Agreement will maintain compliance, with Los Angeles County Code Chapter 2.206. And, after reasonable inquiry Contractor is not in default, as the term defined in Los Angeles County Code Section 206.020.E, on any County property tax obligation."

6. Exhibit A (Statement of Work) of the Agreement is hereby deleted in its entirety and is replaced with a new Exhibit A (Statement of Work), a true and correct copy of which is attached hereto and incorporated herein by this reference.
7. Exhibit B (Payment Schedule) of the Agreement is hereby deleted in its entirety and is replaced with a new Exhibit B (Payment Schedule), a true and correct copy of which is attached hereto and incorporated herein by this reference.
8. In all other respects, the Agreement, as amended under this Amendment No. 3, shall remain in full force and effect.

In WITNESS WHEREOF, the undersigned have duly executed this Amendment No. 3 on the day, month, and the year written above.

COUNTY OF LOS ANGELES

CONTRACTOR
Verinform Systems, Inc.

By _____
John F. Schunhoff, Ph.D.
Interim Director
Department of Health Services

By _____
David Melamed
Chief Executive Officer

APPROVED AS TO FORM:

ANDREA SHERIDIN ORDIN
County Counsel

By _____
Jose Silva
Principal Deputy County Counsel

EXHIBIT A

STATEMENT OF WORK

EXHIBIT A

STATEMENT OF WORK

1.0 DEFINITIONS

All capitalized terms not defined herein shall have the meaning set forth in the body of this agreement.

2.0 INTRODUCTION

- 2.1. Contractor shall provide Services to accomplish all of the requirements set forth in this Statement of Work ("SOW") at the prices set forth in Exhibit B (Pricing Schedule). This SOW provides a description of the Services, including, without limitation, the VerinformRM databases.
- 2.2. Contractor shall perform all Task and Subtasks, and provide all Deliverables and subdeliverables as described herein, unless otherwise approved in writing by County's Project Director her sole discretion. Also, defined herein are those tasks and subtasks which involve participation of both Contractor and County.

3.0 BACKGROUND

- 3.1. This SOW sets forth the steps necessary to implement the Services for County. Contractor shall provide the Services from its Portland, Oregon location using Contractor's own equipment during the term of this Agreement.
- 3.2. The System contains information regarding the physician post-graduate training programs conducted by County in conjunction with the following medical schools:
 - a) Charles R. Drew Medical School
 - b) University of Southern California School of Medicine
 - c) University of California, Los Angeles School of Medicine
- 3.3. The System consists of four (4) databases that track and provide information for ninety-five (95) post-graduate medical programs operated by County. These four databases contain the information that constitutes County Residency Tracking System. County's facilities which are the centers for post-graduate physician training are set forth on Attachment A (VerinformRM Database Coverage Locations). These County facilities, consisting of hospitals, comprehensive health centers, clinics and ancillary sites, are the training facilities where resident physicians provide medical services. The cluster hospitals at the nucleus of each service provider site

represents the central location for post-graduate training activities at that cluster.

4.0 IMPLEMENTATION TASK AND DELIVERABLES

4.1. TASK 1 – DEVELOP PROJECT PLAN

4.1.1. Contractor shall provide County with a Project Plan outlining the steps required for implementation of VerinformRM hosting services.

4.1.2. County's Project Director will approve Project Plan prior to commencement of implementation activities.

4.2. DELIVERABLE 1 – CONTRACTOR'S PROJECT PLAN

4.2.1. Contractor shall deliver a Project Plan as described above in Task 1.

4.3. TASK 2 – CONDUCT ANALYSIS OF SYSTEM CONFIGURATION AND ENVIRONMENT

4.3.1. Contractor shall conduct a systems review and analysis of the System configuration and environment.

4.3.2. Contractor shall review the System configuration to identify deficiencies, weaknesses and opportunities for enhancements.

4.3.3. Contractor shall perform a systems security review of the System to ensure system security.

4.4. DELIVERABLE 2 – PROVIDE CONFIGURATION AND SECURITY REPORT

Contractor shall prepare and deliver to County a written report in accordance with Task 2.

4.5. TASK 3 – PERFORM SYTEM APPLICATION MANAGEMENT

4.5.1. Contractor shall install System software patches, fixes, updates and any new software versions.

4.5.2. Contractor shall optimize the System software configuration.

4.5.3. Contractor shall tune and maintain the System software.

- 4.5.4. Contractor shall control and manage user access, meeting regulatory requirements, including HIPAA compliance standards for privacy and security.

4.6. DELIVERABLE 3 – SYSTEM APPLICATION MANAGEMENT

Contractor shall perform System application management as described in Task 3.

4.7. TASK 4 – PROVIDE HARDWARE AND TECHNOLOGY MANGEMENT

- 4.7.1. Contractor shall provide web, database and application servers for the System.
- 4.7.2. Contractor shall allocate to County up to 100 gigabytes of hard disk space for System software and data.
- 4.7.3. Contractor shall provide server technology protection, including sufficient power and HVAC systems.
- 4.7.4. Contractor shall monitor network connectivity and server hardware.
- 4.7.5. Contractor shall monitor performance of the System and report any deficiencies or other problems to County's Project Manager.

4.8. DELIVERABLE 4 – HARDWARE AND TECHNOLOGY MANAGEMENT

Contractor shall provide hardware and technology management as described in Task 4.

4.9. TASK 5 – PROVIDE DATABASE MANAGEMENT

- 4.9.1. Contractor shall provide and maintain Oracle licenses required to operate the System.
- 4.9.2. Contractor shall install, configure, tune and optimize the Oracle database to the requirements for the System.
- 4.9.3. Contractor shall provide routine database maintenance.
- 4.9.4. Contractor shall monitor System capacity requirements and maintain appropriate load balancing.

4.10. DELIVERABLE 5 – DATABASE MANAGEMENT

Contractor shall provide database management as described in Task 5.

4.11. TASK 6 – PROVIDE SECURITY MANAGEMENT

4.11.1. Contractor shall manage the System's network, operating system, database and application security.

4.11.2. Contractor shall manage the System's firewall and Virtual Private Network access.

4.11.3. Contractor shall install security vulnerability patches.

4.11.4. Contractor shall perform routine back-up and recovery services.

4.11.5. Contractor shall have a disaster recovery process and manage that process, if the need arises.

4.12. DELIVERABLE 6 – SECURITY MANGEMENT

Contractor shall provide security management as described in Task 6.

4.13. TASK 7 – PROVIDE SCHEDULED SERVER MAINTENANCE

4.13.1. Notwithstanding the tasks outlined above, Contractor shall perform scheduled server maintenance at least once per week.

4.13.2. County's Project Director and Contractor's Project Director shall confer and agree upon the specific interval and day of said scheduled maintenance.

4.13.3. Scheduled server maintenance will be performed between the hours of 6:00 pm and 6:00 am, Pacific Time or on weekends.

4.14. DELIVERABLE 7 – SCHEDULED SERVER MAINTENANCE

Contractor shall provide scheduled server maintenance as described in Task 7.

5.0 PROVIDE VERINFORM LICENSE, MAINTENANCE AND SUPPORT

5.1. TASK 8 – Verinform License, Maintenance and Support

Contractor shall provide VERINFORM license, maintenance and support as required to operate the System.

5.2 DELIVERABLE 8 – Provide Verinform License, Maintenance and Support

Contractor shall provide VERINFORM license, maintenance and support as described in Task 8.

6.0 PROVIDE AND MAINTAIN THIRD PARTY SOFTWARE LICENSE(S)

6.1. TASK 9 – Oracle License

Contractor shall provide and maintain ORACLE license(s) as required to operate the System.

6.2 DELIVERABLE 9 – Provide Oracle License

Contractor shall provide and maintain ORACLE license(s) described in Task 9.

6.3 TASK 10 – OnCall License

Contractor shall provide and maintain OnCall license as required to operate the System.

6.2 DELIVERABLE 10 – Provide OnCall License

Contractor shall provide and maintain OnCall license described in Task 10.

EXHIBIT B

PAYMENT SCHEDULE

Exhibit B

Payment Schedule

The prices set forth for Verinform software maintenance and support, application hosting and third-party licensing fees are as follows:

- I. Annual Payments for hosting will be prepaid at the beginning of a Payment Year:

| Payment Year | Payment Amount |
|--------------|----------------|
| 2006 - 2007 | \$42,000 |
| 2007 - 2008 | \$42,000 |
| 2008 - 2009 | \$42,000 |
| 2009 - 2010 | \$42,000 |
| 2010 - 2011 | \$45,856 |
| 2011 - 2012 | \$45,856 |
| 2012 - 2013 | \$45,856 |
| 2013 - 2014 | \$45,856 |
| 2014 - 2015 | \$45,856 |

Upon execution of Agreement and approval by Project Director of hosting services implementation, CONTRACTOR had submitted an annual invoice for 2006 - 2007 thru 2009 - 2010 for \$42,000. Thereafter, CONTRACTOR will submit an annual invoice for \$45,856.

- II. Training: \$62,500

\$85.00 per hour for consulting services and/or end-user training is not to exceed \$62,500 for the term of the Agreement. Training funds of \$20,000 was available for Payment Years 2006-2007 thru 2009-2010. An increase of \$42,500 will be available in Payment Years 2010-2011 thru 2014-2015.

- III. Travel Expenses: \$9,600

Vendor expenses for travel related to training COUNTY staff, system maintenance and/or support for system interfaces is not to exceed \$9,600. COUNTY staff training/travel expenses will conform to the Los Angeles County Auditor-Controller Guidelines for Travel.

- IV. Third Party Licensing

- A. OnCall Licensing Annual Fees will be prepaid at the beginning of a Payment Year.

| Payment Year | Payment Amount |
|--------------|----------------|
| 2010 - 2011 | \$19,800 |
| 2011 - 2012 | \$19,800 |
| 2012 - 2013 | \$19,800 |
| 2013 - 2014 | \$19,800 |
| 2014 - 2015 | \$19,800 |

B. Oracle Database License

| Payment Year | Payment Amount |
|--------------|----------------|
| 2010 - 2011 | \$0 |
| 2011 - 2012 | \$0 |
| 2012 - 2013 | \$0 |
| 2013 - 2014 | \$0 |
| 2014 - 2015 | \$0 |

VI. Verinform Hosting, License, Training, Travel, Maintenance, and Support

\$75,794 per year for Verinform License, maintenance, and support.

VII. **TOTAL CONTRACT SUM: \$947,350.**

For Payment Years 2006-2007 thru 2009-2010, total Payment Amounts will not exceed:

- \$168,000 for Hosting,
- \$ 20,000 for Training, and
- \$ 9,600 for Travel.

For Payment Years 2010-2011 thru 2014-2015, Payment Amounts will not exceed:

- \$45,856 per year for Hosting,
- \$ 8,500 per year for Training,
- \$19,800 per year for Third-Party Software, and
- \$75,794 per year for Verinform License, maintenance, and support.